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U.S. Treasury Dept.
Annual Report, 1966.

of the
Secretary of the Treasury
on the
State of the Finances

For the Fiscal Year Ended June 30, 1966



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ANNUAL REPORT ON THE FINANCES

TREASURY DEPARTMENT,
Washington, March 1, 1967.

SIRS: I have the honor to report to you on the finances of the Federal Government for the fiscal year 1966. The main text of this report consists of a detailed review of Treasury fiscal operations and administrative reports of the offices under my supervision during the fiscal year 1966, along with supporting exhibits and statistical material. This brief general introduction reviews the major fiscal and financial developments that have taken place since the time of my last report in early 1966.

Overall Review

During the calendar year 1966, the Federal finances were strengthened by a sixth successive year of economic expansion. Gross national product—our most comprehensive measure of economic activity—increased by more than 8½ percent over 1965, reaching a rate of about \$760 billion by the fourth quarter of 1966. After allowance for rising prices, the advance in gross national product between 1965 and 1966 was nearly 5½ percent.

In contrast to the 1961-65 period, prices rose appreciably during 1966. But, by yearend, the price situation was much improved. Wholesale prices had fallen back from the peaks reached in late summer and the rate of increase in consumer prices had slackened. The year-to-year increase in consumer prices was slightly less than 3 percent, far less than the 8 percent between 1950 and 1951 during early stages of the Korean defense buildup, and even less than the 3½ percent between the peacetime years 1956 and 1957. Nonetheless, an early restoration of the 1961-65 pattern of cost-price stability is a major policy objective.

Despite the direct and indirect impact of Vietnam on the U.S. balance of international payments, the 1966 results were encouraging. On the liquidity basis, the deficit was estimated near \$1.4 billion, only slightly above the \$1.3 billion deficit in 1965. On an official reserve transactions basis, our international accounts actually recorded a small surplus, the first since the accounts have been kept on this basis. The 1966 gold loss was cut more than 50 percent relative to 1965. And, during 1966, significant progress was made toward strengthening the international monetary system.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966
(In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables")

Receipts	1964	1965	1966
Legislative branch:			
Payments from general fund	180	180	194
Other	1,831	1,463	2,466
The judiciary:			
Judicial survivors annuity fund:			
Contributions	645	790	827
Interest on investments	76	90	108
Funds appropriated to the President:			
Military assistance advances	719,701	824,431	707,945
Economic assistance	760	1,584	2,462
Other	164	231	539
Agriculture Department:			
Highway trust fund: ¹			
Transfers from general fund receipts	3,645,793	3,782,008	4,080,575
Less refunds of taxes	-129,637	-123,498	-119,772
Advances from general fund			70,000
Less return of advances to the general fund			-70,000
Interest on investments	20,861	11,086	7,983
Total highway trust fund	3,536,918	3,650,544	3,924,786
Other	33,062	10,317	63,320
Defense Department:			
Military	5,178	5,745	21,849
Civil:			
Payments from general fund	3,057	3,196	3,195
Other	42,940	25,965	31,033
Health, Education, and Welfare Department:			
Federal old-age and survivors insurance trust fund: ²			
Transfers from general fund receipts:			
Appropriated	14,488,597	14,777,965	16,065,595
Unappropriated	-1,000	-27,000	-212,079
Less refunds of taxes	-182,470	-178,626	-1,392,431
Deposits by States	1,166,599	1,257,833	688,159
Interest and profits on investments	539,044	563,125	
Interest payments by Railroad Retirement Board			
Federal payments for military service credits			
Other	2,604	3,190	6,060
Total Federal old-age and survivors insurance trust fund	16,043,374	16,416,527	18,460,796
Federal disability insurance trust fund:³			
Transfers from general fund receipts:			
Appropriated	1,070,186	1,095,088	1,457,893
Unappropriated	-13,330	-13,064	-16,866
Less refunds of taxes	86,305	93,221	114,555
Deposits by States	67,660	65,247	59,547
Interest and profits on investments			
Interest payments by Railroad Retirement Board			
Federal payments for military service credits		17	26
Other			
Total Federal disability insurance trust fund	1,210,821	1,240,508	1,616,225
Federal hospital insurance trust fund:⁴			
Transfer from general fund receipts			862,000
Less refunds of taxes			46,757
Deposits by States			6,899
Interest and profits on investments			
Total Federal hospital insurance trust fund			915,055
Other	867	838	300
Interior Department:			
Indian tribal funds	70,253	58,591	38,716
Payments from general fund	23,498	65,843	35,116
Other	10,835	12,870	12,622

Footnotes at end of table.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.
(In thousands of dollars)

Receipts	1964	1965	1966
Labor Department:			
Unemployment trust fund: ⁵			
Employment security administration account:			
Transfers (Federal unemployment taxes):			
Appropriated	854,306	622,038	564,909
Unappropriated	-3,448	461	2,108
Less refunds of taxes	-4,291	-7,609	-6,000
Advances from general (revolving) fund	239,705	194,908	210,245
Less return of advances to the general fund	-244,235	-194,908	-210,245
State accounts—deposits by States	3,042,408	3,061,639	3,067,204
Federal unemployment account—less transfer of receipts to Labor		(*)	
Railroad unemployment insurance account:			
Deposits by Railroad Retirement Board	144,087	142,781	139,131
Advances from railroad retirement account	35,187	58,230	40,895
Railroad unemployment insurance administration fund:			
Deposits by Railroad Retirement Board	11,970	9,520	9,281
Federal extended compensation account:			
Advances from general fund			
Interest and profits on investments	212,608	255,265	308,683
Total unemployment trust fund	4,288,328	4,132,225	4,126,207
Other	89	130	120
State Department:			
Foreign service retirement and disability fund:			
Deductions from salaries and other receipts	3,440	3,878	4,142
Employing agency contributions	3,308	3,087	4,013
Receipts from civil service retirement and disability fund	385	796	834
Interest on investments	1,507	1,577	1,630
Other	338	1,258	281
Treasury Department:			
Atomic Energy Commission	26,054	24,235	24,755
General Services Administration	629	1,230	1,215
National Aeronautics and Space Administration	283	2,244	192
Other	201	541	20
Veterans' Administration:			
Government life insurance fund:			
Premiums and other receipts	15,805	14,733	13,860
Payments from general fund	-143	-119	85
Interest on investments	34,464	33,762	33,210
National service life insurance fund:			
Premiums and other receipts	478,300	472,984	496,960
Payments from general fund	5,969	7,029	5,171
Interest on investments	170,471	182,145	190,783
Other	1,870	1,811	1,918
Total Veterans' Administration	712,737	712,344	741,956
Other independent agencies:			
Civil Service Commission:			
Civil service retirement and disability fund:			
Deductions from employees' salaries, etc.	979,886	1,050,416	1,066,745
Payments from other funds:			
Employing agency contributions	979,941	1,050,356	1,097,453
Federal contribution	62,000	65,000	67,000
Voluntary contributions, donations, etc.	14,592	16,430	15,815
Interest and profits on investments	419,838	482,171	546,358
Total Civil Service Commission	2,456,257	2,664,373	2,823,371
Railroad Retirement Board:			
Railroad retirement account:			
Transfers (Railroad Act taxes):			
Appropriated	608,970	630,430	677,489
Unappropriated	-15,493	5,116	5,909
Fines and penalties	(*)	(*)	(*)
Interest and profits on investments	130,128	143,134	150,011
Interest on advances to railroad unemployment insurance account	9,508	12,167	10,937
Repayment of advances to railroad unemployment insurance account	37,454	77,935	81,530
Payment from Federal old-age and survivors, disability, and hospital insurance trust funds	421,775	459,253	468,782
Federal payments for military service credits		13,834	16,558
Other			
Total Railroad Retirement Board	1,192,341	1,341,868	1,411,270
Other	48,098	9,824	143,208

Footnotes at end of table.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.

(In thousands of dollars)			
Receipts and Expenditures	1964	1965	1966
District of Columbia:			
Revenue from taxes, etc.	272,168	287,268	311,467
Payments from general fund:			
Federal contribution	40,368	40,720	47,872
Advances for general expenses	33,000	50,000	42,000
Less return of advances to general fund	-26,000	-41,000	-47,000
Loans for capital outlay	9,480	10,700	28,825
Other loans and grants	26,608	41,705	53,925
Interfund transactions (-):			
Payments to employees' retirement fund receipts	-14,868	-16,840	-17,641
Payments between funds:			
FOASI fund to railroad retirement account	-402,636	-435,638	-443,820
Unemployment trust fund from railroad retirement account	-25,187	-58,230	-40,895
Other	-68,994	-128,230	-267,488
Total interfund transactions (-) *	-821,379	-638,438	-769,844
Net trust receipts	30,380,646	31,047,259	34,852,623
EXPENDITURES			
Legislative branch	1,644	1,897	1,914
The Judiciary—Judicial survivors annuity fund	490	488	494
Funds appropriated to the President:			
Military assistance advances	480,751	744,553	760,872
Economic assistance	2,024	2,172	2,406
Other	162	139	397
Agriculture Department:			
Trust enterprise funds (net)	717	-1,083	2,859
Other	50,864	53,108	53,883
Commerce Department:			
Highway trust fund—Federal-aid highways	3,645,013	4,026,117	3,965,431
Interest payment on advances	25,303	20,962	19,069
Other			
Defense Department:			
Military	5,149	5,439	7,573
Civil:			
Trust enterprise funds (net)	6	-2	-5
Other	44,142	31,387	30,071
Health, Education, and Welfare Department:			
Federal old-age and survivors insurance trust fund:			
Administrative expenses:			
Social Security Administration	312,382	322,788	443,038
Reimbursement from Federal disability, hospital, and supplementary medical insurance trust funds	-63,850	-75,111	-240,645
Payments to general fund	51,714	52,378	49,852
Benefit payments	14,579,166	15,225,894	18,071,453
Vocational rehabilitation services	402,636	435,638	443,820
Payment to Railroad Retirement Board	2,558	305	1,526
Construction			
Total Federal old-age and survivors insurance trust fund	15,284,607	15,961,893	18,769,045
Federal disability insurance trust fund:			
Administrative expenses:			
Reimbursement to Federal old-age and survivors insurance trust fund	60,358	78,223	184,456
Payments to general fund	3,841	3,768	4,718
Benefit payments	1,251,207	1,392,190	1,721,133
Vocational rehabilitation services	19,139	23,615	24,962
Payment to Railroad Retirement Board			
Total Federal disability insurance trust fund	1,340,645	1,497,796	1,938,764
Federal hospital insurance trust fund:			
Administrative expenses:			
Reimbursement to Federal old-age and survivors insurance trust fund			62,785
Payments to general fund			1,707
Total Federal hospital insurance trust fund			64,491
Other			
Footnotes at end of table.	833	562	221

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.

(In thousands of dollars)			
Expenditures	1964	1965	1966
Housing and Urban Development Department:			
Federal National Mortgage Association (net):			
Loans for secondary market operations and purchase of preferred stock	66,360	42,460	-91,820
Other secondary market operations	-103,782	49,008	1,569,888
Interior Department:			
Indian tribal funds	66,093	74,015	84,001
Other	10,882	11,250	13,067
Justice Department (net):			
Alien property activities	52,783	-168,758	152,813
Federal Prison System commissary funds	11	27	-63
Labor Department:			
Unemployment trust fund:			
Employment security administration account:			
Salaries and expenses, Bureau of Employment Security	12,829	13,357	16,922
Grants to States for unemployment compensation and employment service administration	412,707	399,396	476,563
Payments to general fund	54,594	112,018	29,772
Reimbursements and recoveries	93	172	233
Interest on refunds of taxes			
Payment of interest on advances from general (revolving) fund	2,935	2,226	2,217
Railroad unemployment insurance account:			
Benefit payments	133,912	115,243	88,120
Repayment of advances to railroad retirement account	37,454	77,935	81,530
Payment of interest on advances from railroad retirement account	9,508	12,167	10,937
Repayment of advances from general fund	7,090		
Railroad unemployment insurance administration fund:			
Administrative expenses	9,070	7,861	6,738
State accounts:			
Withdrawals by States	2,703,275	2,389,612	1,973,967
Reimbursements from Federal extended compensation account	-1		
Federal extended compensation account:			
Temporary extended unemployment compensation payments	-2,305	-1	1
Reimbursements to State accounts	1		
Repayment of advances from general fund	325,402	-1	
Total unemployment trust fund	3,708,564	3,129,985	2,687,019
Other			
State Department:			
Foreign service retirement and disability fund	126	234	188
Other	7,486	8,307	9,363
Treasury Department:			
Atomic Energy Commission	300	1,243	422
Federal Aviation Agency	18,492	22,959	26,672
General Services Administration:			
Trust enterprise funds (net)	638	642	1,143
Other	-19	-4	-181
National Aeronautics and Space Administration	383	214	298
Veterans' Administration:			
Benefits, refunds, and dividends:			
Government life insurance fund	98	50	507
National service life insurance fund	72,204	70,528	68,939
Other	585,267	544,996	484,745
Civil Service Commission:			
Civil service retirement and disability fund	1,655	1,514	4,531
Employees' health benefits fund (net)			
Employees' life insurance fund (net)	1,318,296	1,438,147	1,685,970
Retired employees health benefits fund (net)	-14,562	-9,276	1,328
	-49,363	-26,361	-17,338
	-115	-783	253
Total Civil Service Commission	1,254,236	1,401,726	1,670,213
National Capital Housing Authority (net)	-436	588	720

Footnotes at end of table.

TABLE 65.—Holdings of public debt and agency securities by Government agencies and accounts, June 30, 1962-66—Continued

[Par value. In thousands of dollars]

Investments of agencies	1962	1963	1964	1965	1966
GOVERNMENT INVESTMENT ACCOUNTS—Continued					
HANDLED BY THE TREASURY¹—Con.					
Other trust funds and accounts—Con.					
District of Columbia:					
Fees and other collections, Recreation Board	20	20	20	21	21
General fund	9,213	9,213	9,213		
Highway fund		3,700	6,000		
Judicial retirement and survivors annuity fund				100	140
Miscellaneous trust funds	96	115	87	2,335	2,330
Motor vehicle parking, highway fund	4,122	2,954	743	743	850
Redevelopment program, Redevelopment Land Agency:					
Public debt securities	725				
Nonguaranteed securities	4,305	7,040	6,325	12,360	9,445
Stadium fund, Armory Board	590	150		235	245
Teachers' retirement and annuity fund	39,970	43,326	47,108	50,980	54,342
Welfare funds	10		10		
Working capital fund, Armory Board				125	100
Esther Cattell Schmitt gift fund				417	414
Exchange Stabilization Fund	72,250	153,147	317,064	250,806	643,385
Federal ship mortgage insurance escrow fund, maritime activities	8,822	13,618	22,398	10,988	53,084
Federal ship mortgage insurance fund, revolving fund		3,543	768	758	700
General post fund, Veterans' Administration	1,597	1,835	2,135	2,185	933
Gifts and bequests, Commerce			5	6	0
Longshoremen's and Harbor Workers' Compensation Act, relief and rehabilitation	588	466	408	312	214
National Archives gift fund				1,824	1,790
National Archives trust fund	102	102	102	102	
National Capital Housing Authority	1,761	3,861	3,311	4,011	2,761
National park trust fund	69	73	578	692	603
Navajo and Ute Mountain Ute Indians, New Mexico	350	430	729	830	1,068
Navajo Indians, Arizona and New Mexico					32,000
Office of Naval Records and History fund	153	153	212	212	212
Pershing Hall Memorial fund	211	211	211	211	211
Philippine Government pre-1934 bond account	916	919	292	295	
Preservation of Birthplace of Abraham Lincoln, National Park Service	64	64	64	64	64
Public Health Service:					
Gift funds	176	160	166	156	146
Patients' benefit fund, Public Health Service hospitals	6	5	2	2	2
Public Housing programs ²			24,500	7,500	21,000
Saint Elizabeths Hospital unconditional gift fund	1	1	1	1	1
Tennessee Valley Authority	10,000				
U.S. Department of the Air Force—general gift fund	6	6	6	6	6
U.S. Department of the Army—general gift fund	31	205	189	192	33
U.S. Naval Academy—general gift fund	109	109	109	109	110
U.S. Naval Academy—museum fund	1	1	1	1	1
War risk insurance revolving fund		3,153	3,365	3,461	3,611
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation	126	126	126	126	118

Footnotes at end of table.

TABLE 65.—Holdings of public debt and agency securities by Government agencies and accounts, June 30, 1962-66—Continued

[Par value. In thousands of dollars]

Investments of agencies	1962	1963	1964	1965	1966
GOVERNMENT INVESTMENT ACCOUNTS—Continued					
HANDLED BY THE AGENCIES					
Banks for cooperatives	43,000	43,061	44,459	44,368	47,492
District of Columbia: Miscellaneous trust funds	117	102	108	116	120
Farmers Home Administration, State rural rehabilitation funds	1,083	1,634	1,477	1,646	205
Federal home loan banks	1,332,065	1,044,000	803,296	1,609,410	1,950,335
Federal Housing Administration:					
Guaranteed securities:					
Community disposal operations fund					
Mutual mortgage insurance fund	6,463	47,815	123,868	125,661	388
Federal intermediate credit banks	119,603	111,384	111,331	106,004	80,198
Federal land banks	104,550	102,617	102,638	100,532	100,297
Federal National Mortgage Association:					
Public debt securities:					
Participation sales fund ³				5,794	1,703
Secondary market operations		91,500			
Guaranteed securities:					
Management and liquidating functions	84,124	79,233	23,558	1,852	4
Secondary market operations	38,673	23,250	4,986	5,993	1
Special assistance functions	37,424	14,980	6,928	5,967	1,636
Nonguaranteed securities:					
Participation sales fund ³				19,115	105,505
Secondary market operations		59,570			
Secretary of Housing and Urban Development:					
Liquidating programs:					
Guaranteed securities	4				2,593
Total	\$55,890,376	\$57,968,154	\$60,713,378	\$63,099,008	\$66,661,364
OTHER ACCOUNTS					
HANDLED BY THE TREASURY					
Allen property trust fund	569	544	614		
Canal Zone Postal Savings System	4,750	4,400	1,100	808	698
Central hospital fund, U.S. Army, Office of The Surgeon General	1,945	1,945	1,945	1,945	1,954
Comptroller of the Currency	4,548	6,742	3,357	10,054	11,289
Individual Indian money and estate funds	699,017	80,971	31,098	34,190	38,401
U.S. Postal Savings System ⁴		502,866	431,079	355,579	188,890
HANDLED BY THE AGENCIES					
General Services Administration, Public Works Administration (in liquidation)	497	887	440		
Total	647,488	553,355	48,581	405,946	238,802
Grand total	\$56,537,864	\$58,521,509	\$61,222,959	\$63,504,954	\$66,900,166

¹ Revised.² For further details of these accounts, see tables 66 through 83.³ Includes Series F and J savings bonds at current redemption value.⁴ Includes Series J savings bonds at current redemption value.⁵ Includes accrued interest purchased.⁶ Assets and liabilities of all insurance funds and accounts of this Agency existing prior to Aug. 10, 1965, except the mutual mortgage insurance fund, were transferred to the general insurance fund which was created by an act approved Aug. 10, 1965 (12 U.S.C. 1735c).⁷ Functions and funds of the Public Housing Administration and the Housing and Home Finance Agency were transferred to the Housing and Urban Development Department pursuant to an act approved Sept. 9, 1965 (5 U.S.C. 204 et seq.).⁸ Formerly known as the Government mortgage liquidation fund.⁹ This fund was discontinued on Apr. 27, 1966, by an act approved Mar. 18, 1966 (39 U.S.C. 5225-5229).¹⁰ Excludes securities in the amounts of \$17,671,000, \$12,459,000, and \$12,451,000 held by the Atomic Energy Commission as of June 30, 1964, 1965, and 1966, respectively, which in turn are held by trustees for the protection of certain contractors against financial loss in event of a catastrophe.

NOTE.—For comparable data 1939-49, see 1949 annual report, pp. 492-493, and for 1950-58, see 1958 annual report, pp. 586-589, and for 1959-61, see 1963 annual report, pp. 637-639.